APPENDIX E

Opinion of the District Court Filed July 8, 1937

UNITED STATES DISTRICT COURT

EASTERN DISTRICT MISSOURI, EASTERN DIVISION

STANDARD OIL COMPANY,
Plaintiff,

v.

STANDARD OIL COMPANY (NEW JERSEY), STANDARD OIL COMPANY OF NEW JERSEY, ESSO, INCORPORATED, HUGH SCOTT and FRANCIS SHEERAN,
Defandants.

MOORE, *Distict Judge*

FINDINGS OF FACT

1. The matter in controversy herein exceeds, exclusive of interest and costs, the sum or value of Three Thousand Dollars, and this suit is between citizens of different states. Plaintiff, Standard Oil Company, is incorporated under the laws of the State of Indiana. Defendant Esso, Incorporated, is incorporated under the laws of the State of Delaware. The complaint names as defendants, Standard Oil Company, a New Jersey corporation, its wholly owned subsidiary, Standard Oil Company of New Jersey, a Delaware corporation, Esso, Incorporated, a wholly owned subsidiary of the Standard Oil Company of New Jersey, and two employees of Esso, Incorporated, Hugh Scott and Francis

Sheeran. The last two named defendants were served. Esso, Incorporated, appeared and answered. Subsequently the bill was dismissed by consent as to Scott and Sheeran, and Esso, Incorporated, is now the sole defendant.

2. The term "Standard" was first used in the oil industry in Pittsburgh, Pa., about 1862 by the partnership of Clark & Sumner. Apparently it was then used to suggest a flag or banner and a flag was used with the name. The word has never been used in the oil industry as meaning quality and defendant's parent company, Standard Oil Company of New Jersey, at various times, has asserted this fact and relied on it in legal proceedings. In 1868 the Clark & Sumner partnership was succeeded by a joint-stock company organized under the name of "The Standard Oil Company." This corporation became known as "The Standard Oil Company of Pittsburgh" and from it the plaintiff and all other Standard Oil Companies claimed to derive their rights to the word "Standard" as a trade-mark or trade-name. Standard Oil Company (Ohio) was organized in 1870. In 1882 the control of forty petroleum companies, including the Standard Oil Company of Ohio, was placed in the hands of nine trustees. Shortly afterward these trustees organized a Standard Oil Company of New York and Standard Oil Company of New Jersey, a name subsequently changed to Standard Oil Company (New Jersey). Subsequently various other Standard Oil Companies were organized.

3. Plaintiff was incorporated in Indiana in 1889 under the name "Standard Oil Company." This has been its name continuously from that date to the present, although at different times it has used in connection with its corporate

name "Incorporated," "An Indiana corporation," "Indiana." From the date of its incorporation, plaintiff has been engaged in the purchase and refining of crude petroleum and in the manufacture, distribution and sale, at wholesale and retail, of petroleum products of which it sells more than 2200 different brands. Its products are sold at filling or service stations, hardware stores, drug stores, grocery stores and other retail outlets. Plaintiff is the largest distributor and seller of petroleum products in the states in which it operates. Since about 1915 plaintiff has used red, white and blue, and red and white on its station pumps and merchandise, and such colors have been used for the purpose of identifying and distinguishing plaintiff's stations and its merchandise.

4. Subsequent to its incorporation, plaintiff acquired the business of various companies, the goods of which were marked with one or more of the brands "Standard Oil Company," "Standard Oil," "Standard," "S O C O," and "S O." In Missouri, plaintiff succeeded in 1896 to the business of the Standard Oil Company of Kentucky, which business was formerly owned by the Consolidated Tank Line Company and was begun in 1881. Plaintiff also extended its business into certain states in the Mid-West, and, prior to the acts herein complained of, it was operating under its corporate name and owning and using as its said trade-marks and trade-names "S O," "S O C O," "Standard" "Standard Oil" and "Standard Oil Company" in the following states: Missouri, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, North Dakota, Oklahoma, South Dakota, Wisconsin and Wyoming, hereinafter referred to as "said states."

5. From the beginning plaintiff's business in connection with its said trade-marks and trade-names has been substantial. In 1896 its annual sales amounted to nearly $7,000,000; in 1915 its annual sales amounted to more than $55,000,000; in 1925 in excess of $281,000,000, and since that time its annual sales have varied between $167,000,000 and $394,000,000. In Missouri alone its annual sales since 1920 have varied between $15,000,000 and $29,000,000.

6. Either the plaintiff or its predecessors, as the case might be, were the first to sell petroleum products in said states marked "Standard Oil Company," "Standard Oil," "Standard," "S O C O" and "S O." Some of these uses date as far back as 1881. Since prior to 1900, plaintiff has sold products, each of which, in addition to the name of the plaintiff, was marked with the word "Standard." Some of these products, so marked, have been sold for over forty years. For years plaintiff has maintained and operated many kinds of signs on which appear one or more of the names "Standard," "Standard Oil," "Standard Oil Company," "Standard Oil Products," "Standard Service," "Standard Lubrication," "Standard Dealer," "Standard Red Crown," and the like. In the ten years following 1926 plaintiff spent more than $32,000,000 in advertising, all of which carried the words "Standard Oil." Over $3,000,000 of this amount was spent in the State of Missouri. Plaintiff has long used as one of its trade-marks the initials of the name "Standard Oil Company" either as "S O C O" or as "S O." This was begun in Missouri by plaintiff's predecessor, Consolidated Tank Line, before 1890, by use of "S O C O" in monogram form. By 1898, plaintiff was identifying itself and its goods in its price lists as "S O." By 1904, plaintiff used "S O C O" on barrel labels. In 1910-11, 5,000,000

cans bearing the initials "S O C O" in a monogram were bought from the Ohio Company, and in 1913-14 it was ordered to make no more monograms. A monogram of these letters has been used to a limited extent since and is used today. The use of the initials in form of letters ("S O C O" and "S O") as a trade-mark has been very extensive. For instance, since 1912 several hundred thousand metal barrels have been used marked "S O C O Ind." The initials were incorporated in the trade-mark "Solite" in 1923 and millions of gallons of gasoline have been sold under this mark. The initials were put on many service stations in signs and decorations beginning about 1926, and there have been other uses of these initial trade-marks in other ways for many years.

7. Plaintiff and its products have long been known in the localities where it operates by the nicknames "S O C O," "S O," "S O Company," "Standard," and "Standard Oil."

8. In the states in which plaintiff operates there are various persons who are aware of the fact that there are several concerns in the petroleum industry known by names, which include the words Standard Oil, but in these states the terms "Standard," "Standard Oil," "S O" and "S O C O" and variants thereof are used by the public to identify plaintiff and the plaintiff's products.

9. Defendant's parent company, Standard Oil Company (New Jersey), at various times has asserted and admitted that "Standard" and "Standard Oil" as used by each of the Standard Oil Companies in the respecive localities where each operates (including the plaintiff here) indicate in each such locality the company operating in that locality and none of the others.

10. Plaintiff's exclusive rights in the terms "Standard Oil Company," "Standard Oil" and "Standard," and any imitation, abbreviation or amplification thereof in various of the states in which it operates, have been adjudicated by this and other courts.

11. "S O" and "S O C O" are abbreviations of and equivalents of "Standard Oil," and are recognized as such by the public.

12. Standard Oil Company of New Jersey and Standard Oil Company (New Jersey), which defendant in its brief refers to as its associates, have recognized and acknowledged plaintff's exclusive rights in "Standard Oil Company," "Standard," and "Standard Oil" in said states.

13. In 1899, the Standard Oil Company (New Jersey) acquired the corporate stock of various Standard Oil Companies, including plaintiff, and continued to hold this stock until 1911, when such ownership ceased, but this ownership gave it no rights in or ownership of the good-will and trademarks of plaintiff.

14. Continuously, since the dissolution decree in 1911, the various Standard Oil companies, including plaintiff, have used one or more of the trade-marks "Standard," "Standard Oil," "Standard Oil Company," "S O C O," "S O," or abbreviations of such marks or variations of them, exclusively in the territory where each has operated under the name Standard Oil Company and each of said companies has acquired common law rights in marks used by it in the states in which it has used its said trade-marks, which rights are exclusive of the other companies and each has recognized

the rights of each of the others to use said marks exclusively in its own locality. Each company has competed with the others without limitation of locality under many different names and trade-marks, which do not include "Standard" or similar words. For instance, the Standard Oil Company of New Jersey competes with plaintiff under the name Penola, Inc.; plaintiff competes with the Standard Oil Company of New Jersey under the names "Amoco" and "Pan Am."

15. The Standard Oil Company of New Jersey, or the Standard Oil Company (New Jersey), or both, in the past in applying to various courts for protection for their trade-mark rights in the words "Standard" or analogous marks have represented to said courts as a basis for desired relief that the rights of each of the Standard Oil Companies in the states in which it conducts its business are exclusive of each of the other Standard Oil Companies and that such rights in each company are based on exclusive use of such trade-marks in the territory in which it has conducted its business under such trade-marks.

16. In 1928, defendant's parent company, Standard Oil Company of New Jersey, began to use the term "Esso" which it admits it derived from the letters "S O," such use being outside the states where plaintiff does business. At that time plaintiff had long used in said states the trade-name and trade-marks "Standard," "Standard Oil," "Standard Oil Company," "S O C O" and "S O" on its products and had also used the letters "S O" in combination with other terms as in the trade-mark "Solite" for gasoline.

17. In 1932 defendant, Esso, Incorporated, was organized by Standard Oil Company of New Jersey and was

from the time of its incorporation and now is a wholly owned subsidiary of Standard Oil Company of New Jersey.

18. Defendant, Esso, Incorporated, is a subsidiary of and an instrumentality used by Standard Oil Company of New Jersey and Standard Oil Company (New Jersey) in selling and marketing the petroleum products of said companies.

19. Beginning in 1933 defendant, Esso, Incorporated, as such subsidiary and instrumentality made sales in states where plaintiff operates, in small and decreasing amounts, of a product marked "Esso Handy Oil." There were no sales of this product in Missouri after 1935 and very little elsewhere in said states.

20. As early as 1931, and prior to any use of the word or mark "Esso" by defendant in said states, plaintiff notified Standard Oil Company of New Jersey that it would object to any use of the word "Esso" in such states.

21. In 1935 the defendant, Esso, Incorporated, opened three stations in the City of St. Loius, Missouri, at which it sold and offered for sale gasoline, oil and other petroleum products. On the signs, pumps, and other equipment at said stations, defendant displayed the terms "Esso," "Esso, Inc." and "Esso Station," and also combinations of "Esso," such as "Essolube" and "Essolene." Defendant also sold and offered for sale petroleum products in cans marked "Essolube," "Essoleum," and "S O Co. of N. J." Signs marked "Esso" also bore phrases like "Not connected with Standard Oil Company (Indiana)." Pamphlets were distributed containing similar statements.

Defendant also used "Esso" in advertisements of its products in St. Louis beginning in April, 1935, and this advertising included statements like "Not connected with Standard Oil Company (Indiana)."

22. Plaintiff promptly objected to and protested against defendant's acts.

23. The stations maintained by defendant in the City of St. Louis where the term "Esso" was used were decorated in red, white and blue, and at said stations petroleum products were offered for sale in cans colored red, white and blue.

24. Prior to any use by defendant Esso, Incorporated, of "Esso" in said states, plaintiff had notified Standard Oil Company (New Jersey) that it owned the exclusive use to "Standard" and similar marks in the said states and claimed the exclusive right to use the brands "S O," "S O C O," "Standard," "Standard Oil" and "Standard Oil Company" in said states, and had notified Standard Oil Company (New Jersey) that it objected to the use by any other concern of "Esso" in said states and that the use of "Esso" in said states would be a violation of its rights and would not be allowed.

25. Plaintiff did not adopt nor has it used any of its trade-marks or trade-names with the intent or purpose of forestalling or preventing legitimate exercise of any lawful rights or property of the defendant, or of its parent company.

26. Plaintiff's use of "Standard," "Standard Oil," "S O" and "S O C O," both prior to and after defend-

ant's use of "Esso" has been a continuance of its long use of those marks, and was in exercise of its then existing rights.

27. The public regard the letters "S O" when used in connection with petroleum products sold by plaintiff as being the initials of "Standard Oil Company" and "Standard Oil" and understand them to mean that such products are made by or sold by plaintiff or by a subsidiary of plaintiff, or by a concern connected with plaintiff, or by a concern selling plaintiff's goods.

28. "Esso" is the spelled out form of "S O."

29. "Esso" is identical in sound and significance to "S O."

30. "Esso" is the equivalent of "S O."

31. "Esso" is confusingly similar to "S O" and "S O C O."

32. "Esso" is the equivalent of "Standard Oil" to many consumers of petroleum products.

33. Defendant's parent company, Standard Oil Company of New Jersey, in seeking relief and protection from courts of equity has asserted and represented to such courts that "Esso" is identically the same as the letters "S O" and also that "S O" is the same as "S O C O."

34. The intent of the Standard Oil Company of New Jersey in its use of Esso as a brand and as part of the corporate name of defendant "Esso, Incorporated," is to

sell its goods as "Standard Oil" and "S O" goods in states in which these brands are not its trade-marks and trade-names, but are the trade-marks and trade-names of its competitors; and by so doing to enable it to deceive the public to its advantage and profit and to use and profit by the reputation, popularity and good-will of plaintiff and "to reap where it had not sown," and to appropriate "to itself the harvest of those who have sown" and was "an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where profit is to be reaped in order to divert a material portion of the profit from those who have earned it to those who have not."

35. Members of the public seeing the word "Esso" displayed at defendant's stations believe that the products sold there are the products of the plaintiff or of a subsidiary of plaintiff, or of a company connected with plaintiff or selling plaintiff's products; and such belief is not eliminated or greatly affected by the use of defendant of the phrase "Not Connected with Standard Oil Company (Indiana)," and other precautions against confusion, and members of the public who have purchased merchandise at defendant's stations where the word "Esso" was displayed, have believed, because of the term "Esso" there displayed, that they were getting plaintiff's products, and were thereby deceived, and the likelihood of confusion arising out of defendant's use of "Esso" is not obviated by defendant's explanatory phrases and other precautions of defendant.

36. Many members of the public do not closely observe signs displayed in gasoline service stations.

37. Members of the public, who purchase gasoline at defendant's stations, noticed the word "Esso" and believed

it to indicate that the stations were plaintiff's stations and did not notice the signs displayed at defendant's stations stating "Not Connected with Standard Oil Company (Indiana)."

38. Other customers who saw the "Esso" sign and saw also the statement "Not Connected with Standard Oil Company (Indiana)," believed that the station was plaintiff's station or a station selling plaintiff's products or a station in some way connected with plaintiff, and that the goods sold at such station were plaintiff's goods. Some others saw the sign and were not confused.

39. The use of plaintiff's name on signs displayed at defendant's stations tends to cause customers who see it, to believe that defendant's stations are plaintiff's stations.

40. The term "Esso" does not describe and is not understood as meaning any particular grade or quality of product. It has no meaning except as the equivalent of the letters "S O."

41. Defendant's conduct has had the effect both of causing defendant's goods marked "Esso" to be sold as plaintiff's, and of trading upon plaintiff's long established and widely and favorably known good-will and reputation.

42. Defendant's use of the colors red, white and blue in the combination in which it uses them on its stations and on cans in which it sells its products, is sufficiently different from plaintiff's combination and arrangement of such colors, that if used without the word "Esso," or any word of which "Esso" is a part, or any other word or symbol similar to or

suggesting the marks or names "S O," "S O C O," "Standard," "Standard Oil," "Standard Oil Company," or any one or more of them, the public is not likely to be deceived into believing that the products sold at the stations and in cans bearing defendant's combination of such colors, are plaintiff's products.

Conclusions of Law

1. The terms "Standard," "Standard Oil," "Standard Oil Company," "S O," and "S O C O," are plaintiff's trade-marks and trade-names. Plaintiff is entitled to their exclusive use in the states in which it conducts its business.

2. Plaintiff's exclusive rights to said trade-marks and trade-names have never been abandoned.

3. Defendant's use of "Esso" infringes plaintiff's rights and constitutes unfair competition.

4. The registration of "Esso" in the United States Patent Office, whether by the defendant, Esso, Incorporated, or by Standard Oil Company of New Jersey or Standard Oil Company (New Jersey), has not created any trade-mark rights therein effective in any of the states in which plaintiff operates.

5. Defendant's use of explanatory phrases and other precautions against infringement such as "Not connected with Standard Oil Company (Indiana)," do not constitute a defense to this cause or a justification of its acts as complained of herein.

6. Defendant's use of "Esso" as a part of its corporate name, in the states in which plaintiff operates, constitutes an infringement of plaintiff's rights and unfair competition.

7. The decree entered by this court in the case of *United States* v. *Standard Oil Company, et al.*, does not constitute a justification of the acts herein adjudged to be unfair or a defense to this cause.

8. Defendant, Esso, Incorporated, is estopped to deny plaintiff's exclusive trade-mark rights in "S O," "S O C O," "Standard," "Standard Oil" and "Standard Oil Company" in the states in which it does business and is further estopped to deny that "Esso" is the equivalent of "S O" and that said defendant's use of "Esso" in such states is an infringement of plaintiff's rights in "S O," "S O C O," "Standard," "Standard Oil" and "Standard Oil Company."

9. The use of "Esso" in defendant's corporate name and as a brand on merchandise not sold by plaintiff, in said states in which plaintiff has been the exclusive user of "S O," "Standard Oil" and similar marks, constitutes an unauthorized interference with the normal operation of plaintiff's business and is unfair competition and an unfair diversion of profit from plaintiff who created the good-will represented by said marks in said states to defendant and its "associates" who did not create it.

10. Plaintiff has fully established by evidence that it is entitled to a permanent injunction against the defendant, Esso, Incorporated, perpetually enjoining and restraining said defendant, its agents, servants, representatives, em-

ployees, attorneys, confederates and all others acting for, with, through or under it, and each of them:

(a) From using in the states of Missouri, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, North Dakota, Oklahoma, South Dakota, Wisconsin or Wyoming, in connection with petroleum and its products or in the petroleum industry or in connection with the sale of any articles similar to those heretofore marketed by plaintiff, in any name, corporate or otherwise, or as a brand for merchandise, or in any manner:

1. The term "Esso," either alone or in combination with other names, terms, letters, marks, symbols or syllables.

2. Any of plaintiff's trade-marks or trade-names, *i.e,* "Standard Oil Company," "Standard Oil," "Standard," "S O C O" or "S O," or any names, terms, marks or symbols colorably similar thereto in sound, appearance, significance or meaning, or any combination thereof with other names, terms, letters, marks, symbols or syllables.

(b) From selling, offering or advertising for sale any product not plaintiff's product of a similar nature to the products heretofore marketed by the plaintiff in the above named states under any name or mark or by any method indicating that such product is the product of Standard Oil Company;

(c) From committing any other act or acts calculated to cause confusion or to infringe, injure or damage the rights of the plaintiff in and to its trade-marks, name and good-

will, and from otherwise competing unfairly with the plaintiff by any means or in any manner.

WHEREFORE, the court enters its

DECREE

This cause came on to be heard at this term and was argued by counsel; and thereupon, upon consideration thereof, it was and is ordered, adjudged and decreed, in accordance with the findings of fact and conclusions of law filed herewith that:

Defendant, Esso, Incorporated, its agents, servants, representatives, employees, attorneys, confederates, and all others acting for, with, through or under it and each of them, be and hereby are perpetually enjoined and restrained;

(a) From using in the states of Missouri, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, North Dakota, Oklahoma, South Dakota, Wisconsin or Wyoming in connection with petroleum and its products or in the petroleum industry or in connection with the sale of any articles similar to those heretofore marketed by plaintiff, in any name, corporate or otherwise, or as a brand for merchandise, or in any manner:

1. The term "Esso," either alone or in combination with other names, terms, letters, marks, symbols or syllables.

2. Any of plaintiff's trade-marks or trade-names, *i.e.*, "Standard Oil Company," "Standard Oil," "Standard," "S O C O," or "S O," or any names, terms, marks or symbols colorably similar thereto in sound, appearance, signifi-

cances or meaning, or any combination thereof with other names, terms, letters, marks, symbols or syllables.

(b) From selling, offering or advertising for sale any product not plaintiff's product of a similar nature to the products heretofore marketed by the plaintiff in the above named states under any name or mark or by any method indicating that such product is the product of Standard Oil Company;

(c) From committing any other act or acts calculated to cause confusion or to infringe, injure or damage the rights of the plaintiff in and to its trade-marks, name and good-will, and from otherwise competing unfairly with the plaintiff by any means or in any manner.

It is further ordered, adjudged and decreed that a writ of injunction issue out of this court in accordance with the foregoing order and decree; and that

The plaintiff shall recover from defendant all profits and gains which defendant may have derived on account of defendant's acts enjoined by this decree, as well as all damages which the plaintiff has suffered by reason thereof and that this cause is hereby referred to Staunton E. Boudreaux, Esq., as Special Master, to ascertain and take and state and report to this court an account of said profits and damages; and the defendant, its officers, directors, agents and servants, and each of them, are hereby directed and required to attend before the said Special Master, as required by said Special Master, and produce, the books, papers, exhibits, statements and documents of the said defendant as it may be directed by the said Special Master, and to submit to such examination as the said Special Master may deem proper.